Motivation & Literature

Research question: Can job creation schemes (JCSs) be an effective policy tool for to reduce long-term unemployment?

- getting individuals used to regular working activities
- improving basic skills necessary to obtain a job
- mostly negative employment effects (Card et al. 2010 Econ), 2015 IZA, Kluee 2010).
- lock-in-effects, reduction in search intensity
- Jobs in JCSs have low productivity and low skill intensity.

Contribution:
- innovative programme: new target group due to pre-screening
- evaluating innovative programme elements and effect heterogeneity, for example programme duration
- We can observe usually unobservable variables using pre-treatment survey data as in Caliendo et al. (2017 LabEcon).

Research Design:

Potential Biases:
- voluntary participation of job centres: control observations from the same and different local labour markets (Heckman et al. 1997).
- selection of participation is made by job advisers and employers: positive selection among eligible persons.
- potential spill-over-effects (Hujer et al. 2009): negative spill-over-effects to occur in local labour markets
- anticipation effects (reduction in search intensity)

Treatment-Control Group Approach:
- Control group consists of potential participants: persons who have undergone intensified counselling and monitoring (activation period).
- Treatment effect is an ATT estimated via pscore and radius-matching with linear regression adjustment (Huber et al., 2013 JoEconometrics, 2014 EmpEcon).

Overview & Contribution

Modelprojekt Bürgerarbeit:
- Pre-screening of potential participants through intensified counselling six months before programme entry
- Contracts are only part-time and involve mandatory and individualised coaching.
- 197 job centres involved, 28,000 participants, 987 million Euros funding

Results

Large Sample IEB only
Small Sample using the IAW Employee Survey
Contract for up to one year

Discussion & Conclusion

Central policy conclusion:
- promising idea to target on very-hard-to-place-workers, but hard to fulfill (principal-agent problem)
- Special selection mechanism (activation phase) is not successful.
- Supported changes:
  - A shortening of public employment phase should be considered.
  - Institutional setting should guarantee consequent targeting Payment received is too close to market income (no incentives).
- Mandatory on-the-job coaching does not affect the results.

Validity of the CIA:
- CIA is questionable in the given institutional context if the analysis relies on administrative data alone (contrast to Caliendo et al., 2017 LabEcon).

Contact & Paper

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Discussion Paper:
Tobias Brändle, Lukas Fervers:
Give it Another Try: What are the Effects of a Public Employment Scheme Especially Designed for Hard-to-Place Workers?
IAW Discussion Papers No. 129, April 2017
available online at https://www.iaw.de/index.php/IAW-Diskussionspapiere

Literature


